

Message Text

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15

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 COA-02 INT-08

AGR-20 FEA-02 SPM-01 SWF-02 STR-08 CEA-02 DRC-01

SAB-01 /204 W

----- 028336

R 032139Z MAY 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0930

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2958

E.O. 11652: GDS

TAGS: PFOR, PINT, MASS, ECON, EFIS, EAID, EC, US

SUBJ: PRESIDENT RODRIGUEZ MEETS NATIONAL WAR COLLEGE GROUP

1. SUMMARY: IN ONE HOUR MEETING WITH NWC GROUP AFTERNOON APRIL 25, PRESIDENT RODRIGUEZ COVERED WIDE RANGE OF ISSUES AFFECTING INTERNAL ECUADOREAN SITUATION AS WELL AS US/ECUADOREAN RELATIONS. MAIN POINTS OF INTEREST WERE PRESIDENT'S EMPHASIS ON DEVELOPMENT PROBLEMS AND OPPORTUNITIES NOW FACING ECUADOR AND IMPROVED RELATIONS WITH THE US, INCLUDING SPECIFIC REFERENCE TO LIFTING OF SANCTIONS. RODRIGUEZ SPECIFICALLY NOTED THAT GOE WELCOMED FOREIGN CAPITAL AND TECHNOLOGY IN AREAS OF DEVELOPMENT SUCH AS FISHING INDUSTRY, PROVIDED ECUADOREAN LAWS ARE RESPECTED. END SUMMARY

2. GOE PRESIDENT GUILLERMO RODRIGUEZ LARA RECEIVED VISITING NWC GROUP, ACCOMPANIED BY AMBASSADOR AND DCM, FOR ONE HOUR AFTERNOON APRIL 25. AFTER OPENING COURTESIES MEETING TOOK THE FORM OF A QUESTION AND ANSWER SESSION WITH THE PRESIDENT REPLYING THROUGH
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AN INTERPRETER.

3. PRESIDENT WAS FIRST ASKED HOW HIS GOVERNMENT PLANNED TO MAKE USE OF NEW CAPITAL AVAILABLE AS A RESULT OF PETROLEUM REVENUES. HE REPLIED THAT GOE FULLY RECOGNIZED THAT PETROLEUM IS A PERISHABLE RESOURCE AND THAT IT WAS INCUMBENT UPON HIS ADMINISTRATION TO INVEST CURRENT REVENUES PRINCIPALLY INTO WHAT HAS BEEN AND WILL CONTINUE TO BE BASIS OF ECUADOR'S ECONOMY, NAMELY AGRICULTURE. HE ADDED THAT PETROLEUM REVENUES WERE ALSO BEING DIRECTED INTO AREAS OF IMPORTANCE, I.E. EDUCATION, ELECTRIFICATION, SOCIAL WELFARE, ETC.

4. ASKED ABOUT PLANS FOR FOREIGN INVESTMENT IN ECUADOR'S NASCENT FISHING INDUSTRY, RODRIGUEZ SAID THAT NEW FISHING LAW CONTEMPLATED ACCEPTANCE OF FOREIGN CAPITAL AND TECHNOLOGY. HE SAID THAT GOE HAD MADE VERY CLEAR THAT ECUADOR NEEDS AND WELCOMES FOREIGN EXPERIENCE AND CAPITAL IN ALL FIELDS OF DEVELOPMENT, PROVIDED LOCAL LAWS ARE RESPECTED.

5. PRESIDENT WAS THEN ASKED IF HE FELT ECUADOR HAD A POPULATION PROBLEM IN VIEW OF THE FACT THAT COUNTRY'S POPULATION LIKELY TO DOUBLE IN THE NEXT TWENTY YEARS. HE REPLIED THAT ECUADOR INDEED HAD A HIGH POPULATION GROWTH RATE OF THREE POINT FOUR PERCENT WHEREAS ANNUAL INCREASE IN LOCAL FOOD PRODUCTION WAS ON THE ORDER OF TWO PERCENT. HOWEVER, ECUADOR HAS A NUMBER OF FACTORS WORKING FOR IT, NAMELY VAST TRACTS OF LAND SUSCEPTIBLE TO COLONIZATION AND CURRENT GOE EFFORTS DESIGNED TO INCREASE AGRICULTURAL PRODUCTION. IN THE LONG RUN, RODRIGUEZ ADDED, ECUADOR IS CAPABLE NOT ONLY OF FEEDING ITS GROWING POPULATION BUT ALSO OF EXPORTING EVENTUAL EXCESS FOOD PRODUCTION.

6. NEXT QUESTION WAS HOW USG COULD HELP GOE TO ACHIEVE GOALS HE HAD SET FORTH FOR ECUADOR. RODRIGUEZ REPLIED THAT THERE WERE MANY WAYS TO ACCOMPLISH THIS. ONE POSITIVE APPROACH WOULD BE US PURCHASE OF RAW MATERIALS FROM LESS DEVELOPED COUNTRIES AT JUST PRICES. ANOTHER WOULD BE TO SELL INDUSTRIAL PRODUCTS AT EQUITABLE PRICES. ECUADOR ALSO NEEDS CERTAIN BASIC INDUSTRIAL MATERIALS AT FAIR PRICES SUCH AS PLASTICS, STEEL AND FERTILIZERS. RODRIGUEZ PRAISED PAST US DEVELOPMENT PROGRAMS IN LA AND EXPRESSED FEAR THAT ALLIANCE FOR PROGRESS WAS IN PROCESS OF EXTINCTION. HOWEVER, ECUADOR CONTINUES TO NEED LONG TERM LOANS ON

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SOFT TERMS FROM INSTITUTIONS OF WHICH US IS A PART, SUCH AS IDB AND WORLD BANK. ECUADOR NEEDS US SUPPORT THROUGH AND WITHIN THESE INSTITUTIONS. RECENTLY, HE ADDED, ECUADOR HAS BEEN CONFRONTED WITH "DISAGREEABLE" NEWS THAT IT IS CONSIDERED BY SOME A RICH COUNTRY BECAUSE OF PETROLEUM DISCOVERY. THIS, HOWEVER, IS UNTRUE AND UNFAIR BECAUSE ECUADOR NEEDS A LONG TIME TO DEVELOP AND OIL PRODUCTION HERE IS A MERE FRACTION OF THAT OF VENEZUELA AND SAUDI ARABIA.

7. CONTINUING REPLY TO SAME QUESTION, RODRIGUEZ SAID THAT TECHNICAL ASSISTANCE FROM US CAN BE OF GREAT HELP, ALTHOUGH, HE SAID, HE FELT THAT COST OF SUSTAINING FOREIGN TECHNICIANS WAS TOO HIGH IN RELATION TO FOREIGN ASSISTANCE RECEIVED. THE LIFTING OF "CERTAIN COERCIVE MEASURES" AGAINST LA COUNTRIES AND ESPECIALLY ECUADOR WILL ALSO "HELP POSITIVELY" AS THESE MEASURES HAD BEEN AN OBSTACLE TO GOOD RELATIONS.

8. ASKED ABOUT ECUADOR'S DESIRE FOR US MILITARY ASSISTANCE, RODRIGUEZ SAID THAT PRIOR TO 1971 SANCTIONS, HIS COUNTRY'S ARMED FORCES HAD BENEFITTED GREATLY FROM MILITARY RELATIONSHIP WITH US. REGRETTABLY, SANCTIONS HAD RESULTED IN SUSPENSION OF AN AGREED TRAINING AND SUPPLY PROGRAM. FORTUNATELY, CIRCUMSTANCES HAVE NOW CHANGED, THE SANCTIONS HAVE BEEN LIFTED AND THE WAY IS OPEN TO A NEW RELATIONSHIP IN VARIOUS FIELDS, INCLUDING MILITARY.

9. RODRIGUEZ WAS ASKED IF THERE WERE ANY POLITICAL OR MILITARY THREATS, INTERNAL OR EXTERNAL, WHICH MIGHT CONCEIVABLY OBSTRUCT PROGRAMS OF HIS GOVERNMENT. PRESIDENT REPLIED THAT ON INTERNAL FRONT THERE ARE NO THREATS, ALTHOUGH SOME RESISTANCE BEING MET FROM PRIVILEGED CLASSES TO GOE PROGRAMS TO HELP LESS FORTUNATE. POLITICAL PARTIES, RODRIGUEZ SAID, ARE INEFFECTUAL AND PEOPLE DON'T LISTEN TO THEM. SOME EXTREMIST GROUPS (PRESUMABLY RODRIGUEZ MEANT COMMUNISTS) THOUGHT GOE DEDICATED TO IDENTICAL GOALS AS THEIR PARTY AND THOUGHT GOE WOULD RUN OUT PETROLEUM COMPANIES ENTIRELY. THIS COURSE OF ACTION WAS NOT, HOWEVER, POSSIBLE SINCE ECUADOR LACKED THE NECESSARY EXPERIENCE TO TAKE OVER OIL INDUSTRY. IN TERMS OF FOREIGN THREATS, RODRIGUEZ REFERRED TO RECENT FAILURE OF ALL BUT TWO INTERNATIONAL OIL COMPANIES TO BID ON GOE OIL CONT
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